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Bermuda

Working paper prepared by the Secretariat

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Note: The information contained in the present paper has been derived from public sources, including those of the territorial Government and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2016. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: Bermuda is a Non-Self-Governing Territory, under the Charter of the United Nations, administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor George Fergusson (May 2012).

Geography: Bermuda is located in the western part of the Atlantic Ocean, approximately 917 km east of the North Carolina coast of the United States of America. It consists of 8 major and 130 smaller islands.

Land area: 53.35 km².

Exclusive economic zone: 450,370 km².

Population: 65,187 (2015 estimate).

Life expectancy at birth: 81.2 years (male 77.9 years; female 84.4 years (2015 estimate)).

Ethnic composition: Approximately 54 per cent black, 31 per cent white and 15 per cent mixed and other races (2010).

Language: English.

Capital: Hamilton.

Head of territorial Government: Premier Michael Dunkley.

Main political parties: One Bermuda Alliance; Progressive Labour Party.

Elections: Most recent: 17 December 2012; next: due by December 2017.

Legislature: Bicameral legislature, comprising the Senate of 11 members appointed by the Governor (3 at his/her discretion, 5 on the advice of the Premier, 3 on the advice of the leader of the Opposition) and the 36-member House of Assembly, elected in 36 constituencies for up to a five-year term.

Gross domestic product per capita: $91,479 (2014).

Economy: Financial services, tourism.

Main trading partners: United States of America, Canada, United Kingdom and States members of the Caribbean Community.

Unemployment rate: 7 per cent (2015).

Monetary unit: Bermuda dollar, pegged at parity with the United States dollar.

Brief history: Bermuda was discovered in 1505 by the Spanish explorer Juan de Bermudez, and by 1510 was referred to as "La Bermuda". It remained uninhabited until 1609, when British settlers on their way to Virginia were shipwrecked on one of its reefs. In 1612, King James I extended the charter of the Virginia Company to include Bermuda. After the Company's charter was annulled in 1684, government passed to the British Crown.

I. Constitutional, legal and political issues

1. The 1968 Constitution of Bermuda has been amended on five occasions, with the most recent revision being in 2003. According to the administering Power, the Constitution gives the Territory almost full internal self-government, leaving the United Kingdom of Great Britain and Northern Ireland with a minimum number of constitutional controls. The Governor (and Commander-in-Chief), appointed by the British Crown, is responsible for defence, external affairs, internal security and the police.

2. The Territory has a parliamentary system of government, comprising a governor, a deputy governor, a cabinet and a bicameral legislature. The Governor appoints as Premier the member of the House of Assembly who appears to be best able to command the confidence of a majority of the 36 members of the House, each of whom represents a parliamentary constituency. The Premier heads a cabinet that may not comprise more than 14 members of the legislature.

3. The law and legal system of Bermuda are based on the application of English common law and the principles of equity, the legislation of the United Kingdom (in force since 1612) that has been extended to Bermuda and acts of the Bermuda Parliament. The judiciary is appointed on the advice of the Chief Justice. There are three courts: the Magistrates' Court, the Supreme Court and the Court of Appeal. The British Overseas Territories Act 2002 provides for the conferral of British citizenship on citizens of British overseas territories.

4. Voters in the general elections or referendums must be 18 years of age and Bermudian by birth or status or non-Bermudian electors on the register as at 1 May 1976. The current Premier, Michael Dunkley, of One Bermuda Alliance, took office on 20 May 2014, succeeding Craig Cannonier, of the same political party, who stepped down from the position. One Bermuda Alliance holds a two-seat majority in the House of Assembly.

5. In 1995, a referendum was held on the question of independence. Of the 58.8 per cent of eligible voters who participated, a small number by Bermudian standards according to the administering Power, 73.6 per cent voted against independence. The then-opposition party, the Progressive Labour Party, had organized a boycott of the referendum among supporters of independence, arguing that the issue should be resolved by general election.

6. In its 2005 report, the Bermuda Independence Commission noted that the racial question had been an ever-present feature of the social, economic and political landscape of Bermuda throughout its history. Racial divisions in Bermuda have, in significant measure, played out in support for, or in opposition to, independence and the method to be used to ascertain the wishes of the population. The Progressive Labour Party, which was the ruling party in 2005, wanted the issue of independence to be settled in the context of an election. The Progressive Labour Party reportedly remains publicly committed to pursuing a policy of disengagement from the United Kingdom. On the other hand, the United Bermuda Party, a forerunner of the One Bermuda Alliance, favoured a referendum. The Commission concluded that it was incumbent upon both political parties to share the merits of each method.

II. Budget

7. The fiscal year of the Territory begins in April. According to the administering Power, the funding priorities for the 2015/16 budget continue to focus on the economy, education, health care and law enforcement. The budget of $1.08 billion and the associated economic stimulus measures were designed to meet the policy objectives in the above-mentioned key areas. Additional budgetary information can be found in the relevant sections below. Government statistics indicate that for the twelfth consecutive year, the revenue of the Territory in the 2014/15 fiscal year had fallen short of its expenditure.

III. Economic conditions

A. General

8. The economy of Bermuda is based primarily on the provision of financial services for international businesses and on tourism. According to the administering Power, the industrial sector is small and agriculture is limited since only approximately 20 per cent of the land is arable.

9. According to the administering Power, the final estimated gross domestic product (GDP) of Bermuda in current prices for 2014 was $5.7 billion, a 0.2 per cent increase from 2013 ($5.6 billion). In 2014, seven industries recorded growth in value added, led by business activities such as legal, accounting and management consultancy services. This increase in economic growth translated into a 0.5 per cent rise in GDP per capita in 2014, which amounted to $91,479. According to official statistics on the third quarter of 2015, quarterly GDP at current prices was estimated at $1.35 billion, representing a 6.3 per cent increase on a year-over-year basis.

10. According to the administering Power, the contraction in GDP over the past few years represents a major challenge for the Government. It therefore developed initiatives to promote economic growth. The territorial Government is pursuing a two-track strategy, the aim of which is to stimulate the economy on the one hand and control and reduce Government spending on the other. According to the information provided by the administering Power, in 2015/16, the territorial Government is continuing to focus on creating the conditions necessary to attract inward direct investment from abroad in order to stimulate the economy and thereby invigorate its two main pillars, international business and tourism.

B. Financial services

11. According to the administering Power, Bermuda is one of the world's leading international financial and business centres; the sector accounts for around 27 per cent of its GDP. Bermuda is also one of the major jurisdictions worldwide in the fields of large-scale insurance and reinsurance.

12. The Bermuda Monetary Authority is the integrated regulator of the financial services sector and has the power to levy civil fines. The Territory has no central bank. The peg to the United States dollar is managed by commercial banks meeting

supply and demand at a one-to-one rate. The banks, rather than the Authority, own the foreign exchange reserves of Bermuda.

13. According to information provided by the administering Power, over the first nine months of 2015, 713 new international companies and partnerships were registered in Bermuda, representing a decrease of 18.1 per cent compared with the 871 companies registered in the corresponding period of 2014. Bermuda registered a total of 89 new insurers and 24 new intermediaries in 2014.

14. According to the administering Power, Bermuda has never been a jurisdiction with bank secrecy laws and has maintained a private beneficial ownership register since the 1940s. The existing register contains the details of the ultimate owners of the private corporate entities operating in Bermuda. It is a central register, held by a public authority, and, as ownership changes over time, it is updated using an active automatic system. The Government currently exchanges the information with the competent authorities of its treaty partners upon request. Under the regulatory legislation, there are provisions for financial institutions regarding controlling shareholders that require the approval of such persons by the Bermuda Monetary Authority.

15. For more than 70 years, Bermuda has required persons wishing to incorporate a company there to provide information on the ultimate beneficial owner. Currently, such persons are vetted by the Authority (subject to a 10 per cent controller threshold). Transfers of shares to non-Bermudians are also subject to vetting by the Authority. The Authority retains all of the information on the ultimate beneficial owner, which is provided to the Authority as part of the vetting process. According to the administering Power, Bermuda has no financial secrecy legislation.

16. According to the administering Power, following the establishment of its first tax information exchange agreement with the United Kingdom in 2007 in order to ensure maximum financial transparency and security, Bermuda has taken a leading position worldwide in terms of transparency and cooperation on international taxation matters. In September 2013, Bermuda joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters of the Organization for Economic Cooperation and Development (OECD) to facilitate cooperation between jurisdictions in the assessment and collection of taxes, in particular to combat tax avoidance and evasion. The Convention came into force on 1 March 2014. Bermuda has around 90 tax information exchange multilateral agreement partners through its participation in the Convention (with the Group of 20 countries, all but one of the members of OECD and all States members of the European Union).

C. Tourism

17. Government statistics indicate that approximately 580,200 travellers visited Bermuda in 2014, spending a total of $361.2 million and directly accounting for 4.6 per cent of GDP. During the same year, 8.4 per cent of the workforce of the Territory was directly or indirectly employed in tourism, which directly generated 2,796 jobs, a decrease from 3,218 in 2013.

18. According to the administering Power, the budget allocated to the Ministry of Tourism Development and Transport for 2015/16 was approximately $23.5 million,

$21.7 million of which was granted to the Bermuda Tourism Authority. The hotel and restaurant sector contributed 4.6 per cent of GDP.

D. Construction

19. According to the administering Power, in 2014, the construction and quarrying sector grew slightly, by 0.6 per cent from the previous year, to a value of $178.7 million. In addition, the value of work carried out over the first half of 2015 was estimated at $38.9 million, compared with $79.5 million in the corresponding period of 2014, a decrease of 51.1 per cent. Of the work performed, 29 per cent was on residential properties, with 36 per cent undertaken by the private sector and 37 per cent by the public sector. According to the administering Power, several hotel developments are ongoing, including a new hotel in St. George's, with construction scheduled to commence in 2016, as well as a plan to build a new airport terminal and other work to be undertaken in preparation for the hosting of the thirty-fifth America's Cup, in 2017.

E. Transport and communications

20. With a network of about 200 km of paved public roads and 400 km of private roads, Bermuda has a high road traffic density, with approximately 78 vehicles per km in 2014. Restrictions on car ownership to one per household, coupled with a policy of allowing no rental cars, have resulted in the development of a public transportation system of buses and ferries. Free public transportation for resident students continues to be available. According to the official statistics, there was a total of 46,625 registered road vehicles in 2014, showing a decrease for the fifth consecutive year.

21. Regular commercial flights connect Bermuda to a number of destinations in the United States, Canada and the United Kingdom. Bermuda has its own air and ship regulatory agencies, with registries maintained by the Department of Civil Aviation and the Department of Maritime Administration.

22. The Territory has four international telecommunications service providers, three of which have their own transatlantic facilities, supplemented by satellite facilities for special services and emergency communications.

23. Government statistics indicate that in 2014/15, the total number of telephone subscribers, approximately 35,000, was the lowest since 1989/90, which was considered a result of the shift towards the use of cellular devices over landlines.

IV. Social conditions

A. General

24. According to the administering Power, in 2015/16, the Ministry of Community, Culture and Sports was allocated approximately $84.2 million, around 54 per cent of which was to ensure access to financial assistance for individuals with insufficient resources.

B. Labour

25. According to employment data for 2014, the total number of jobs in Bermuda decreased by 2.3 per cent to 33,475 (from 34,277 in 2013), and has been in decline since 2008. In addition, according to the data for 2015, the overall unemployment rate was at 7 per cent, down from 9 per cent in 2014, and for Bermudians was at 8 per cent, down from 10 per cent in 2014. A total of 2,129 Bermudians were without employment, down from the 2,957 reported in 2014. The unemployment rate among women and men was 8 per cent and 5 per cent, respectively.

26. The Ministry of Home Affairs has been responding to the challenges created by strengthening its core programmes that assist the population in finding employment and training the workforce to meet the criteria for the jobs that are available. In 2014, the Ministry brought together the public and private sectors to devise strategies to improve the economy and generate new jobs, which led to the development of the National Training Plan. Part 1 of the Plan, published in 2014, analysed major economic sectors in order to understand the current job market and determine the way forward for a sustainable workforce in Bermuda. Part 2 of the Plan, which is due to be published, is expected to address implementation strategies.

27. The Bermuda Job Board, an online national employment database operated by the Department of Workforce Development since November 2013, is available to Bermudians who are seeking employment, with the main objective of consolidating and centralizing the jobs available in Bermuda so as to help to connect workers and employers, allow more opportunities for qualified Bermudians to find employment and ultimately reduce the need for work permit applications. According to the administering Power, as at January 2016, more than 1,000 employers and more than 6,000 candidates were registered on the Job Board.

28. According to the administering Power, the Law Reform Committee, established by the Minister of Home Affairs and tasked to review, update and improve the legislative framework for labour, continued its work on the consolidation of labour laws in 2015, as referred to by the Governor on 13 November 2015, in the 2015 Speech from the Throne. Draft legislation is expected to be presented during the 2016 summer legislative session.

29. The new work permit policy, which came into effect on 1 March 2015, contains information on work permit categories, with the aim of encouraging new business start-ups in Bermuda. It is expected to lead to increased job opportunities for Bermudians, spouses of Bermudians and permanent residents.

C. Education

30. According to the administering Power, the Ministry of Education was provided with a budget allocation of around $127.1 million for 2015/16 to support its overall objective of providing strategic leadership, supervision and policy direction for the delivery of a high quality educational curriculum.

31. Education is compulsory and is free in public schools for all children from 5 to 18 years of age. According to the information provided by the administering Power, there are 10 preschools, 18 primary schools, 5 middle schools, 1 special needs school and 2 senior secondary schools in the public school system, with a student

population of around 5,300 in September 2015. There are a number of private schools, including six offering early primary education, serving approximately 40 per cent of pupils of compulsory school age. Those institutions receive no government funding. Official statistics indicated that the total school enrolment in 2014, which included public and private schools and Bermuda College, was approximately 9,700.

32. Bermuda College is the main facility in the Territory for tertiary education and is accredited by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education. According to the administering Power, the college identified 20 institutions with which it has articulation agreements (a process by which one institution matches its courses or requirements to coursework completed at another institution), whereas some of those same institutions have multiple agreements for different programmes. The college also has a list of more than 100 colleges and universities to which local graduates have successfully transferred after leaving the college. Citizens from British overseas territories benefit from the home student fee rate at British universities. According to the administering Power, an increasing number of students are taking advantage of the home fee rate and are studying in the United Kingdom. The European Union provides for access to funds, including for higher education and vocational education. In this regard, Bermuda College is seeking more articulation agreements with European institutions.

D. Public health

33. For 2015/16, the Ministry of Health, Seniors and Environment was provided with a budget of $197 million, representing some 18 per cent of total government expenditure, according to the information provided by the administering Power. In addition to regulation, the Ministry provides policy direction for the health sector, including an acute care hospital, a psychiatric hospital, the Bermuda Health Council, public health services, the health insurance system and the private health sector. The Territory has a hybrid health financing system consisting of direct public funding, social health insurance and government subsidies.

34. Bermuda has an ageing population and a low fertility rate. According to the statistics provided by the administering Power, 17 per cent of the population was expected to be 65 years or older in 2015, compared with 12 per cent in 2005. In 2014, the total fertility rate was 1.42 births per woman, which is below the replacement level of 2.10 births per woman. According to the Pan American Health Organization, life expectancy at birth in 2015 in the Territory is estimated at 84.9 years for women and 77.3 years for men. Life expectancy is reported as being four years less for black people than for white people.

E. Crime and public safety

35. One of the main responsibilities of the Ministry of Public Safety is strengthening the professional standards of the Bermuda Police Service, the Bermuda Regiment, the Bermuda Fire and Rescue Service, the Department of Corrections and the Department for National Drug Control. The Premier also serves as the Minister of National Security.

36. Efforts by the police to ensure public safety in the Territory include strong enforcement, community engagement and rigorous investigations leading to convictions. According to the administering Power, the second quarter of 2014 had the lowest crime rate in the Territory since 2000, largely owing to robust policing and increased community involvement. Crime continues to decrease, and the inter-agency gang task force remains committed to developing programmes that address and prevent antisocial behaviour.

37. The United Kingdom funds a law enforcement adviser based in Miami, United States, who coordinates, manages and facilitates training and strategic advice for the introduction of new techniques and skills for the Territory's law enforcement agencies.

F. Human rights and related issues

38. Core international and European human rights instruments are applied in Bermuda, including the European Convention on Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child and the International Convention on the Elimination of All Forms of Racial Discrimination. In addition, as previously reported, the Government decided to develop a national gender policy to promote equitable decision-making involving the different needs, constraints and priorities with regard to men and women. For example, the Constitution might pose a barrier to extending to Bermuda the Convention on the Elimination of All Forms of Discrimination against Women. This relates in particular to the requirement of the Convention that there should be equality between men and women before the law, since a non-Bermudian husband of a Bermudian woman has fewer rights than a non-Bermudian wife of a Bermudian man. Such discrimination would not be permitted under the Convention.

V. Environment

39. Approximately 98 per cent of the electric power in the Territory is provided by a single private entity, which relies exclusively on fossil fuels to generate electricity. The remaining 2 per cent of electric power is provided by the Tynes Bay waste-to-energy plant, which is owned and operated by the Ministry of Public Works.

40. In the 2015 Speech from the Throne, delivered on 13 November 2015, the Governor mentioned the development of a solar photovoltaic electricity generation facility in furtherance of the Territory's energy objectives, which include the greater use of renewable sources. The project, to be launched in 2016, reportedly has the potential to produce 20 per cent of the Territory's peak demand for electricity during daylight hours.

VI. Military issues

41. Bermuda maintains a defence regiment of around 600 soldiers, namely, the Bermuda Regiment, which includes a long-term "nucleus" of around 140 soldiers

and 30 full-time soldiers, in addition to part-time members. The adult male population of the Territory is subject to conscription by ballot, involving approximately three years of part-time liability for weekly drills, in addition to a 15-day annual camp. All soldiers are paid for their military service.

42. The Regiment regularly cooperates with foreign Governments and militaries, including those of Canada, Jamaica and the United States, and assists in disaster relief operations in other territories administered by the United Kingdom.

43. The administering Power remains committed to eliminating conscription. To that end, the Regiment has undertaken an extensive public relations campaign in an effort to bolster volunteer enlistment.

VII. Relations with international organizations and partners

44. Bermuda is an associate member of the Economic Commission for Latin America and the Caribbean, the Caribbean Community and the Caribbean Common Market and a member of the Caribbean Financial Action Task Force, which was set up to combat money-laundering. The Financial Intelligence Agency of Bermuda is a member of the Egmont Group of Financial Intelligence Units, and the Bermuda Monetary Authority is a member of regional and international financial regulatory bodies, including the International Association of Insurance Supervisors, the International Organization of Securities Commissions and the Group of International Finance Centre Supervisors. Bermuda also plays a key role in the Global Forum on Transparency and Exchange of Information for Tax Purposes of OECD as a member of its peer review group. Bermuda also participates in the Sea Turtle Conservancy, the Caribbean-United States Security Cooperation Dialogue, the International Trade Union Confederation, the International Criminal Police Organization and the International Olympic Committee.

45. The Territory joined the 2013 decision of the Council of the European Union on the association of the overseas countries and territories with the European Union (2013/755/EU), which came into force in 2014 and was approved, among other things, in an effort to move from a classic development cooperation approach towards a reciprocal partnership that promotes sustainable development and the values and standards of the European Union worldwide.

VIII. Future status of the Territory

A. Position of the territorial Government

46. Information regarding developments on the future status of Bermuda is reflected in section I above.

B. Position of the administering Power

47. On 15 October 2015, at the 7th meeting of the Special Political and Decolonization Committee (Fourth Committee) during the seventieth session of the General Assembly, the representative of the United Kingdom stated that the relationship of the Government of the United Kingdom with its overseas territories

was a modern one based on partnership, shared values and the right of the people of each territory to choose to remain British. The Government of the United Kingdom and its territories recognized that their relationship brought mutual benefits and responsibilities.

48. He went on to say that, since the publication in June 2012 by the Government of the United Kingdom of a white paper entitled *The Overseas Territories: Security, Success and Sustainability*, the United Kingdom had worked closely with its territories to further develop those partnerships. His Government had consolidated the annual meeting with the leaders of territories into a Joint Ministerial Council, with a clear mandate to review and implement the strategy and commitments set forth in the paper. His Government's fundamental responsibility and objective under international law, including the Charter of the United Nations, was to ensure the security and good governance of the territories and their people.

49. At the fourth meeting of the Overseas Territories Joint Ministerial Council, held in London on 1 and 2 December 2015, the United Kingdom and its overseas territory leaders agreed upon a communiqué setting out, among other things, the joint position of the United Kingdom and the overseas territories on self-determination. In the communiqué, the political leaders and representatives stated that leaders of the overseas territories were democratically elected by the people of the Territories and were accountable to them and that the principle of equal rights and self-determination of peoples, as enshrined in the Charter of the United Nations, applied to the peoples of the overseas territories. They reaffirmed the importance of promoting the right of the peoples of the territories to self-determination, a collective responsibility of all parts of the Government of the United Kingdom. They committed to explore ways in which the overseas territories could maintain international support in countering hostile sovereignty claims and agreed that the fundamental structure of their constitutional relationships had been the right one — powers had been devolved to the elected Governments of the territories to the maximum extent possible consistent with the United Kingdom retaining those powers necessary to discharge its sovereign responsibilities — while agreeing on the need to review the effectiveness of constitutional arrangements over time.

IX. Action taken by the General Assembly

50. On 9 December 2015, the General Assembly adopted, without a vote, resolutions 70/102 A and B, on the basis of the report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples for 2015 (A/70/23) and the subsequent recommendation by the Fourth Committee. Section III of resolution 70/102 B concerns Bermuda. In that section, the Assembly:

(a) Stressed the importance of the 2005 report of the Bermuda Independence Commission, which provided a thorough examination of the facts surrounding independence, and continued to regret that the plans for public meetings and the presentation of a Green Paper to the House of Assembly followed by a White Paper outlining the policy proposals for an independent Bermuda had so far not materialized;

(b) Underlined the need to further strengthen good governance, transparency and accountability in government for the benefit of the Territory;

(c) Requested the administering Power to assist the Territory by facilitating its work concerning public educational outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and in that regard called upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

(d) Welcomed the active participation of Bermuda in the work of the Economic Commission for Latin America and the Caribbean.